USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Scheduled Report - Public distribution

Date: 5/14/2008

GAIN Report Number: CI8010

Chile

Fresh Deciduous Fruit

Semi-Annual

2008

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Report Highlights:
New estimates for Chile's apple, table grapes and pear production and exports calls for a small expansion when compared to the previous year as a result of favorable weather conditions in most growing areas.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

New estimates show that production of apples, table grapes and pears will increase slightly in MY2008 (Jan-Dec 2008), when compared to last year as a result of favorable weather conditions. For the coming season, although it is to early for a forecast no increases in production are expected as the drought which is affecting all agricultural areas could affect availability of water for irrigation during next spring and summer.

Production General

Total Chilean fruit exports are estimated to continue to grow in 2008. There are some important factors that will continue to affect economic returns mainly of grapes and in lower degree for apples and pears, like the exchange rate. In general, prices for exported fruit have not varied much in dollar terms, but during the last three years the Chilean peso has gone through a significant revaluation process. The exchange rate for the peso has fallen from 740 Chilean pesos to only 450 pesos to the dollar during the first quarter of this year. Another factor is the cost of labor which has been increasing in peso terms. A new law was approved reducing the weekly workweek from 48 hours to 45-hours; industry sources claim that the effective work time does not exceed 40 hours in a week. Productivity has fallen significantly. This is an important factor for the labor-intensive fruit industry in Chile. In the case of table grape production, labor represents 70 percent of total costs. Increasing energy costs is also a big concern for fruit producers. Consequently, industry sources have indicated that increases of new plantings and production increases in the coming years are not expected, at least for apples, table grapes and pears.

Fresh Apples

Production

Good weather conditions in most growing areas for apples during the Chilean spring (Sept-Oct 2007) had a positive effect on production volume. But some production areas were affected by frost and a lack of good temperatures late in the spring and early summer that reportedly affected the quality of the production. As a result our new production estimates for MY 2008 were slightly adjusted downward. Nevertheless, exports are expected to be expanding slightly larger than the previous year. For the coming Marketing Year (2009) we can expect total apple production to be similar than this last year as a possible production expansion, due to an expansion of the production area and/or some orchards which are in the incremental stage of production, could be offset by a drought which is affecting almost all agricultural production regions in the country.

Consumption

There are no official statistics on domestic fresh apple consumption. The figures shown in the PS&D table are estimated as a residual of production, minus apples destined for processing and known exports.

Trade

As a result of a lower production in Europe and the United States together there is a strong export demand for apples which will result in a slightly larger volume exported in MY2008 when compared to the previous year.

PSD Table									
Country	**Chile**								
Commodity	**Apples, Fresh**						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2007	01-2007		01-2008	01-2008		01-2009	01-2009
Area Planted	35900	35900	35900	37197	37197	37197	0	0	37250
Area Harvested	32000	32000	32000	32049	32049	32049	0	0	32780
Bearing Trees	14400	14400	14400	14422	14422	14422	0	0	14750
Non-Bearing Trees	1780	1780	1780	2343	2343	2343	0	0	2039
Total Trees	16180	16180	16180	16765	16765	16765	0	0	16789
Commercial Production	1240000	1240000	1240000	1364000	1364000	1340000	0	0	1340000
Non-Comm. Production	10000	10000	10000	10000	10000	10000	0	0	10000
Production	1250000	1250000	1250000	1374000	1374000	1350000	0	0	1350000
Imports	50	50	55	50	50	50	0	0	50
Total Supply	1250050	1250050	1250055	1374050	1374050	1350050	0	0	1350050
Fresh Dom. Consumption	145050	145050	145421	156800	156800	156800	0	0	156800
Exports, Fresh	805000	805000	774634	810000	810000	786000	0	0	786000
For Processing	300000	300000	330000	407250	407250	407250	0	0	407250
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	1250050	1250050	1250055	1374050	1374050	1350050	0	0	1350050

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2006		**2007**
U.S.	84083	U.S.	124711
Others		Others	
Netherlands	75945	Netherlands	75793
Saudi Arabia	55797	Colombia	59938
Colombia	48103	Saudi Arabia	47316
Taiwan	41557	Ecuador	42223
Ecuador	40839	U.K.	40612
U.K.	35842	Venezuela	38949
Venezuela	34891	Taiwan	32770
Spain	33175	Spain	28965
Peru	28276	Mexico	26552
Mexico	23103	Russia	26039
Total for Others	417528		419157
Others not Listed	223497		230766
Grand Total	725108		774634

Fresh Table Grapes

Production

As a result of unfavorable weather conditions in most growing areas, total output in MY2008 (Jan-Dec 2008) is estimated to be slightly larger than last year but smaller than our previous estimates. Lower than normal temperatures in late spring and early summer affected the volume and quality of the production, the bunches were reportedly smaller and lighter for most varieties, but mainly for the Red Globe variety. The lack of temperatures also delayed the start of the harvesting season by almost a month which was reflected better prices obtained for the fruit by early in the season producers. For the coming season, production is forecast to be similar than this season as total output increases due to a larger harvested area could be offset by a drought which is affecting all agricultural areas in the country. Additionally, industry sources believe that total planted area could fall as many producers will not replant orchards that are coming to an end of the production period due to a significant fall in the economic returns which is affecting table grape production for the last two seasons.

Consumption

As with other Chilean fresh fruits, domestically consumed table grapes are mainly export rejects. There are no official statistics on domestic consumption. Domestic fresh consumption is derived from the only known figure, which is exports, and estimated production data. Domestic consumption generally accounts for about 10 percent of total output, while processing accounts for another 30 percent.

Trade

In spite of a smaller output and a lower quality of the production, exports are estimated to be marginally larger due to a strong export demand

PSD Table									
Country	**Chile**								
Commodity	**Grapes, Table, Fresh**						(HA)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2007	01-2007		01-2008	01-2008		01-2009	01-2009
Area Planted	48500	48500	48500	56169	56169	56169	0	0	56169
Area Harvested	43000	43000	43000	47770	47770	47770	0	0	48200
Commercial Production	1158000	1158000	1158000	1270000	1270000	1180000	0	0	1180000
Non-Comm. Production	5000	5000	5000	5000	5000	5000	0	0	5000
Production	1163000	1163000	1163000	1275000	1275000	1185000	0	0	1185000
Imports	153	153	226	150	150	150	0	0	150
Total Supply	1163153	1163153	1163226	1275150	1275150	1185150	0	0	1185150
Fresh Dom. Consumption	103050	103050	124800	110000	110000	125600	0	0	125000
Exports, Fresh	807100	807100	776370	900000	900000	792000	0	0	800000
For Processing	253003	253003	262056	265150	265150	267550	0	0	260150
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	1163153	1163153	1163226	1275150	1275150	1185150	0	0	1185150

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2006		**2007**
U.S.	482275	U.S.	428324
Others		Others	
Netherlands	67397	Netherlands	78412
U.K.	63064	U.K.	55606
Mexico	31109	Mexico	33593
Hong Kong	20216	Russia	23722
Russia	17401	So. Korea	23311
So. Korea	15210	Spain	11455
Spain	14677	China	10452
Taiwan	10501	Hong Kong	10369
Japan	7234	Germany	9436
Ecuador	6891	Brazil	7174
Total for Others	253700		263530
Others not Listed	87272		84516
Grand Total	823247		776370

Fresh Pears

Production

Abnormal weather conditions that affected apples and table grapes, apparently did not affect pear production and a slightly larger than last year and previously estimated production is expected for MY2008. For MY2009 as of now we forecast a similar than this year production due to the drought which is affecting all agricultural areas could affect fresh fruit production in the coming season.

Consumption

Most pears are consumed fresh because only a few existing varieties in Chile can be processed for canned pears or juice concentrates. Domestically consumed pears are mainly export rejects.

Trade

An estimated larger production is expected which will result in an increase in exports.

PSD Table									
Country	**Chile**								
Commodity	**Pears, Fresh**						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2007	01-2007		01-2008	01-2008		01-2009	01-2009
Area Planted	6556	6556	6556	6590	6590	6590	0	0	6590
Area Harvested	6500	6500	6500	5911	5911	5911	0	0	5980
Bearing Trees	3230	3230	3230	2937	2937	2937	0	0	2970
Non-Bearing Trees	19	19	19	329	329	329	0	0	296
Total Trees	3249	3249	3249	3266	3266	3266	0	0	3266
Commercial Production	250000	250000	250000	255000	255000	260000	0	0	260000
Non-Comm. Production	2000	2000	2000	2000	2000	2000	0	0	2000
Production	252000	252000	252000	257000	257000	262000	0	0	262000
Imports	0	0	24	0	0	0	0	0	0
Total Supply	252000	252000	252024	257000	257000	262000	0	0	262000
Fresh Dom. Consumption	74000	74000	74000	75000	75000	75000	0	0	75000
Exports, Fresh	120000	120000	119257	121000	121000	127000	0	0	127000
For Processing	58000	58000	58767	61000	61000	60000	0	0	60000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	252000	252000	252024	257000	257000	262000	0	0	262000

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2006		**2007**
U.S.	27612	U.S.	24255
Others		Others	
Netherlands	19796	Netherlands	20728
Italy	9621	Colombia	11596
Colombia	9226	Venezuela	10154
Venezuela	8215	Italy	9121
Peru	5823	Peru	6799
Ecuador	5261	Ecuador	6618
Spain	5092	Spain	5035
Germany	3902	Germany	3002
Russia	2792	Russia	2516
France	2730	Brazil	2115
Total for Others	72458		77684
Others not Listed	20300		17318
Grand Total	120370		119257

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand and apple for processing availability. Although the apple juice industry mainly processes export rejects, the AJC industry has been encouraging farmers to increase production of sour-type apples, as well as to expand new plantings of apple varieties mainly for juice purposes. The apple juice industry competes with the pulp industry for the apples left from the fresh exported process.

Consumption

Only a small amount of AJC, principally single-strength juice, is consumed domestically. AJC competes with a variety of fresh and processed juices in Chile.

Trade

The United States continues to be Chile's largest AJC export market, accounting for 60 percent of total export sales. Other markets of increasing importance are Japan, Mexico and Canada. Latin American export markets also are growing fast. Levels of AJC exports will depend upon foreign demand and the ability of the industry to compete in international markets against other suppliers such as China.

PSD Table									
Country	**Chile**								
Commodity	**Apple Juice, Concentrated**						(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2007	01-2007		01-2008	01-2008		01-2009	01-2009
Deliv. To Processors	300000	300000	300000	407250	407250	407250	0	0	407250
Beginning Stocks	419	419	419	419	419	895	339	339	845
Production	46600	46600	36900	60170	60170	45000	0	0	45000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	47019	47019	37319	60589	60589	45895	339	339	45845
Exports	46000	46000	35824	59600	59600	44400	0	0	44400
Domestic Consumption	600	600	600	650	650	650	0	0	650
Ending Stocks	419	419	895	339	339	845	0	0	795
Total Distribution	47019	47019	37319	60589	60589	45895	0	0	45845

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2006		**2007**
U.S.	54175	U.S.	21395
Others		Others	
Japan	5268	Japan	6250
Canada	3272	Mexico	5113
Mexico	1615	Canada	1792
Puerto Rico	651	Netherlands	191
So. Korea	323	So. Korea	173
Costa Rica	177	Costa Rica	171
Dominican Rep.	131	U.K.	139
U.K.	118	Peru	136
Peru	118	Puerto Rico	79
France	80	Dominican Rep.	71
Total for Others	11753		14115
Others not Listed	282		314
Grand Total	66210		35824